

FUTURES

Two weeks ended June 7, 1984

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; \$ per 1,000 bd. ft.							
July '84	148.90	134.70	136.80	146.30	3,343	252.50	134.70
Sept.	158.00	144.60	146.80	155.10	1,720	236.00	144.60
Nov.	161.00	149.40	151.70	157.60	1,552	229.00	149.40
Jan. '85	168.50	157.50	159.30	166.30	445	221.30	157.20
March	174.00	164.20	167.00	170.00	202	220.40	161.00
May	178.00	169.50	170.50	174.00	153	225.00	167.00
July	182.50	173.50	174.70	179.00	145	230.50	179.50
Total Contract Vol. (Through 6/7): 21,185				Previous Two Weeks: 31,447			
Total Open Interest (As of 6/7): 7,585				Previous Week: 7,487			
Cash Price: \$137.20				Previous Week: \$140.14			
				Year Ago: \$232.26			

PLYWOOD (CBT)—76,032 sq. ft. 1/2-in. ext. 4/5-ply; \$ per 1,000 sq. ft.							
July '84	179.00	173.00	176.40	181.00	54	210.00	173.00
Sept.	180.00	178.50	180.00	183.20	3	212.50	177.50
Total Contract Vol. (Through 6/7): 59				Previous Two Weeks: 21			
Total Open Interest (As of 6/7): 57				Previous Week: 61			
Cash Price: \$181.30				Previous Week: \$188.16			
				Year Ago: \$208.74			

COMMODITY RESEARCH BUREAU INDEX:	This Week	Previous Week	Year Ago
	—	—	—

CME—Chicago Mercantile Exchange
*Figures for Thursday, June 7.

CBT—Chicago Board of Trade

Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

LUMBER REPORT

Retailers capitalize on deck boom; competitiveness shrinks margins

(Continued from page 1)

derosa pine lumber and we kiln-dry the lumber again after treating. We expect to get a better price because of this."

Payless Cashways' Somerville Lumber, Somerville, Mass., has used a similar method to escape the margin squeeze.

"I suppose margin tightening is true to a point," said Ed Linehan Jr., "but we have had success selling decks in a package and our margins haven't slipped. They are still in the mid-30's or higher. We keep the items in-stock and give service by showing people how to install them and by giving them literature."

Somerville recently ran a set of four 8-ft. by 12-ft. deck packages, including the lumber, nails, joists, headers, hangers and plans, for prices ranging from \$169 to \$249. A similar redwood deck was going for \$575.

While treated lumber and deck margins have slipped about 10% to below 40% in the

last five years at Nassau Suffolk Lumber & Supply, Melville, N.Y., the six-store chain offers computer printouts on materials for 140 variations of deck packages to attract business, according to administrative assistant Chris Van Tuyl.

"This is the third year we've had it [the computer deck kits] and we're very pleased with its production," he said. "We couldn't have done this manually and customers are very impressed with the service. They recognize the care that goes into this."

Nassau Suffolk Lumber's spring and fall ad campaigns are centered around decks, according to Van Tuyl.

While the chain, like other dealers, does not track deck sales as such, it does keep tabs on treated lumber sales. Last year, it sold more than two million board feet of treated lumber, much of it for decks, Van Tuyl said. Through May this year, Nassau Suffolk Lumber had already sold 1.5 million board feet and was preparing to

do almost three million board feet of treated lumber sales in 1984.

Van Tuyl pointed to another Nassau Suffolk Lumber service that other larger dealers do not match.

"Channel and Rickel don't deliver, so they can get less for their treated lumber," he explained. "About two-thirds of our material is delivered."

Western Home Center's Dornbusch feels specialties will be the way to keep treated lumber margins up in the future.

"The only way is to offer treated lumber at variable prices," he said. "You sell six to eight items at cost plus some change and then have special lengths or special deck items in a package."

Last year, Western provided a special early season deal on treated lumber. It sold the material for 25% off if ordered in January, 20% off if ordered in February and 15% off if ordered in March provided the customer paid at the time of the order and picked it up in April, according to Dornbusch.

"Our treated sales were up at least 50% last year and were probably more like 75% to 100% better," he said. "We sold 50 truck loads that way."

While Western did not repeat the promotion this year, sales have still matched last year's results.

Other home center chains are enjoying similar success, and it is not surprising, according to figures from Data Resources Inc., Lexington, Mass.

Bernard Fuller, director of FORSIM, Data Resources' wood products forecasting group, said treated lumber sales exceeded three billion board feet last year, up 25% to 30% from 1982, and the group expected a 10% to 15% growth rate this year.

"It's one of the few major growth areas in the lumber category," Fuller said.

Wolohan Lumber through April had experienced a 40% to 45% rise in treated lumber sales from a year ago and Basner associated that increase to the demand for decks.

Busy Beaver's Coleman tied a 10% gain in treated lumber to decks.

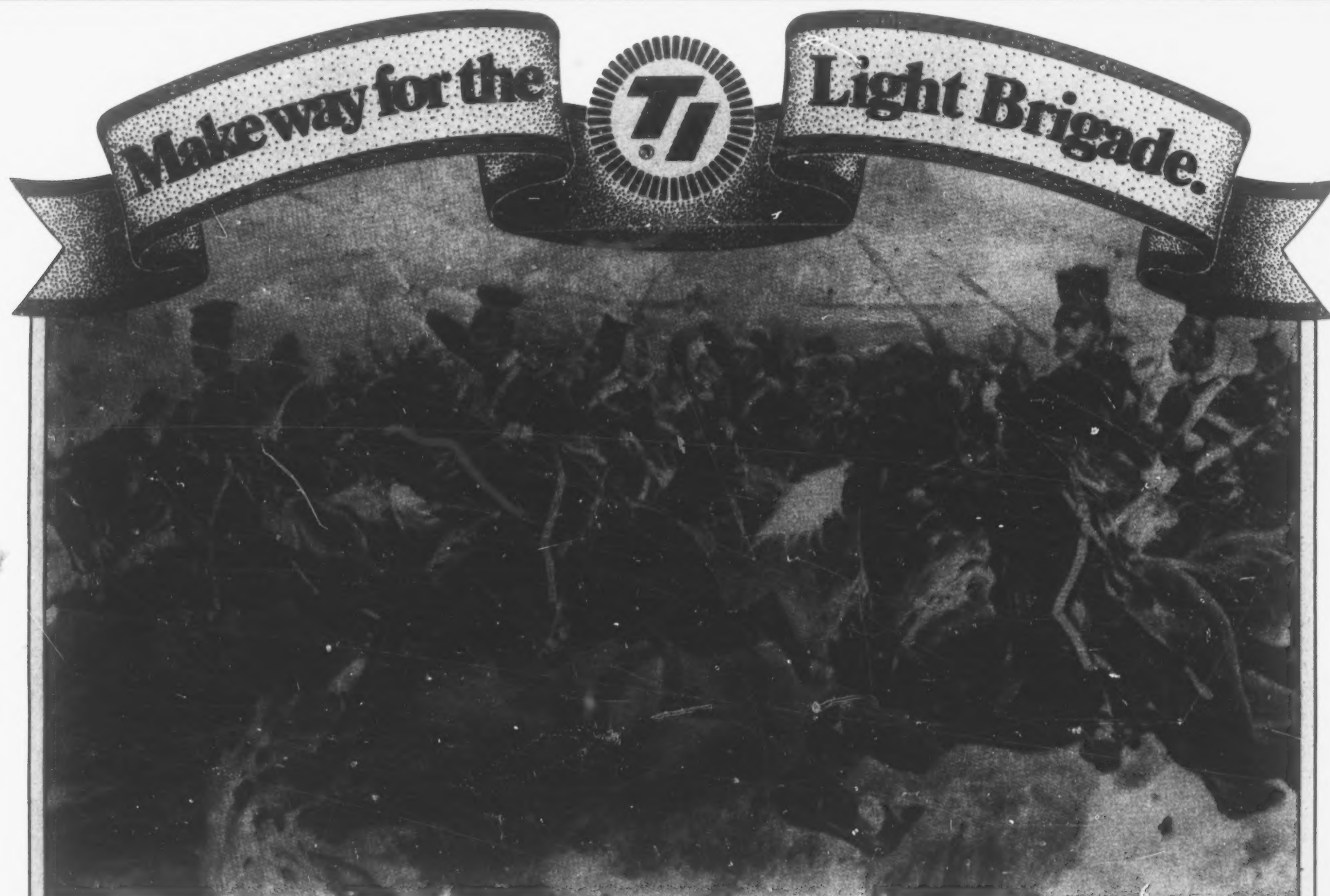
"Pittsburgh is a very good town for decks," he explained. "It's very hilly and I'd say 95% of the homes are on property where there are elevation changes. Some homes have a set of stairs and a landing. This lends itself well to treated lumber and decks."

The chain tries to feature decks with a picture of one and a list of different sizes every other week in its in-season advertising and often attempts to merchandise them with other items such as preservers and even swinging patio doors.

At two-unit Millard Lumber in the Omaha, Neb., area, manager Dave Clanathan of the Bellevue, Neb., store said his deck sales were up 15% from a year ago even before the peak deck season.

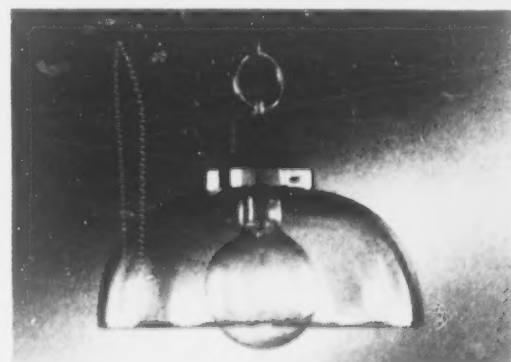
The chain promotes decks heavily during their selling season with packaged deals offered in different species of lumber. Up until recently, most of the decks sold in Millard's trading area were made of cedar.

"But, treated is starting to be a household name," Clanathan said. "It's guaranteed for 30 years and the manufacturers are promoting it, making people more aware of its benefits."

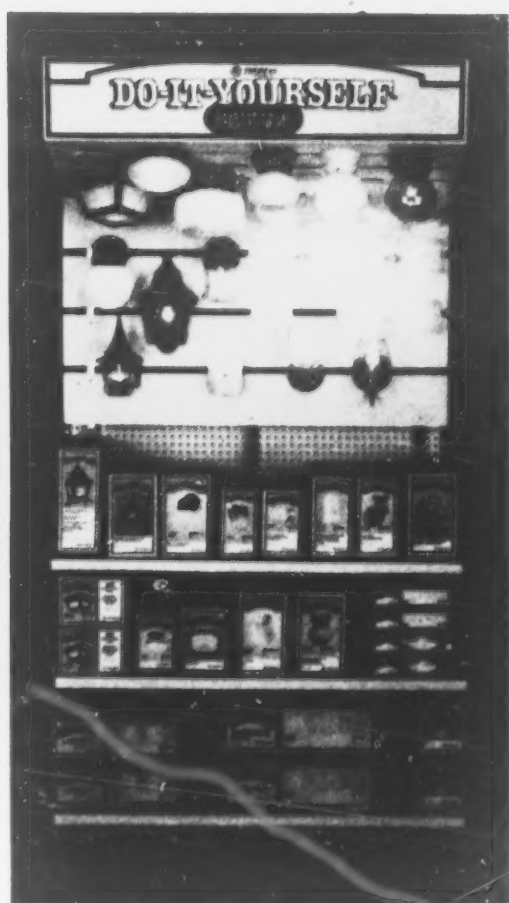


New Do-It-Yourself Lighting from the lighting leader.

Only Thomas offers you a complete lighting program backed by years of leadership in residential lighting. And that leadership will pay off for you in a variety of ways.



The selection is one of the widest available and popular price points will help inventories turn faster. In addition, you can select from a wide range of displays complemented by informative, "self-selling" packaging.

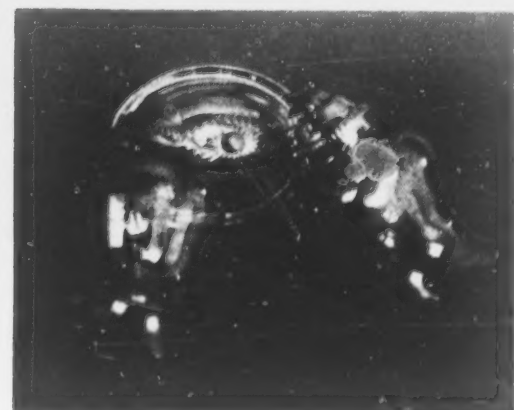


THOMAS INDUSTRIES INC.

207 E. Broadway, Louisville, Kentucky 40232

And lastly, on-time delivery keeps you stocked and selling all the time.

Go with the leader and make way for bigger profits with Do-It-Yourself Lighting from Thomas.



Your Thomas sales representative will be contacting you soon with more details on this exciting lighting line, or you can call 502/582-3771 for more information.

1984 Consumer Attitude Survey: Anatomy of Consumer Buying Decisions—

00000530
CONGRESSIONAL INFO INC
4520 EAST-WEST HWY/STE 80 FH
WASHINGTON DC 20014

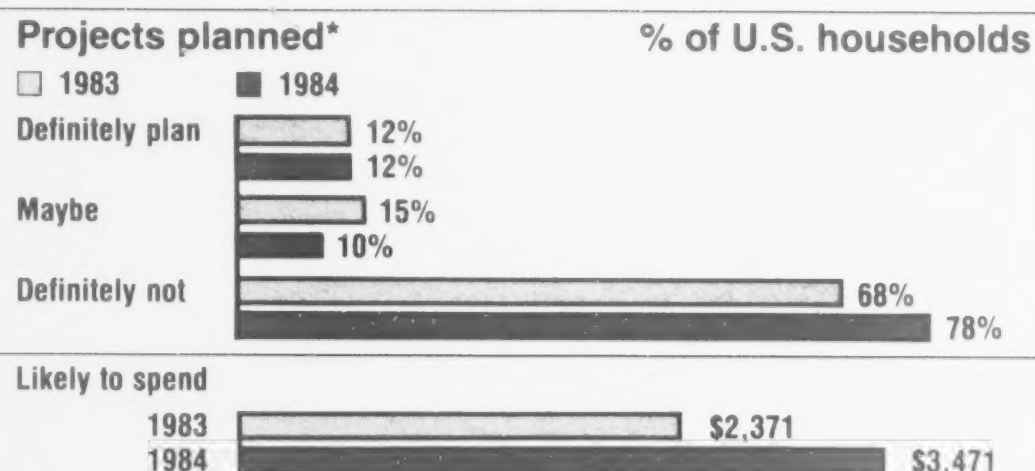
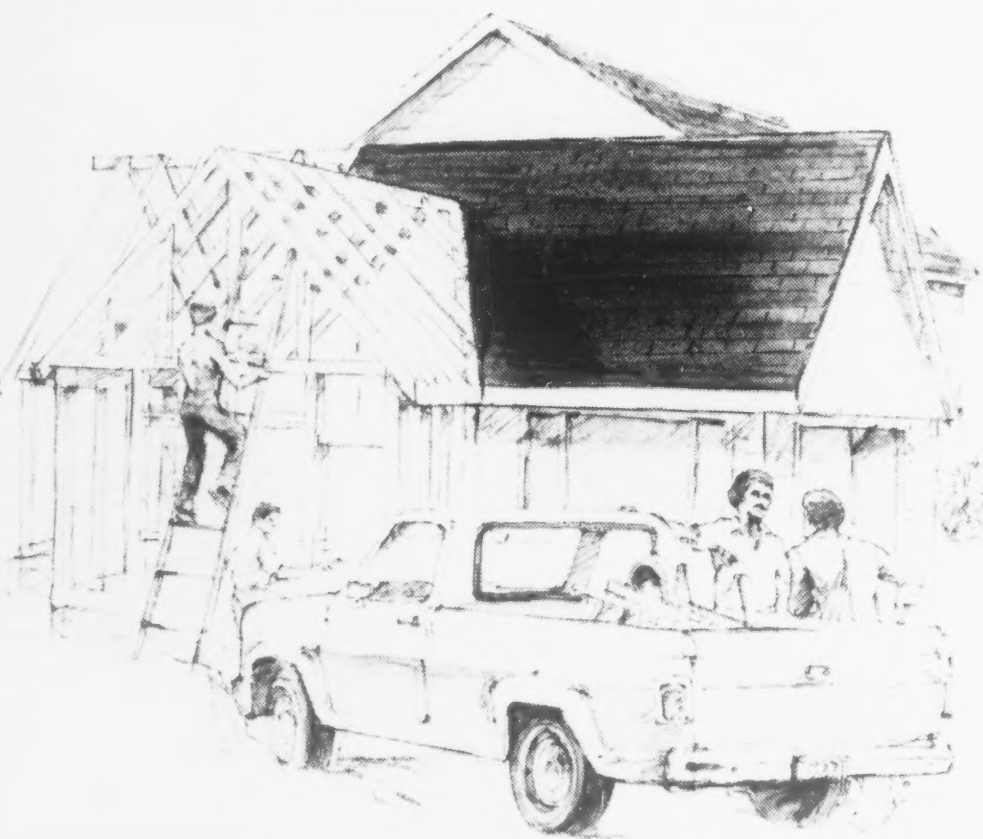
National Home Center News

Vol. 10, No. 15

The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc.

July 16, 1984

Planned project spending rises 46.4%



*Remodeling, renovations, additions in next 12 months

Source: National Home Center News; Leo J. Shapiro & Assoc. ©1984

While the number of households who say they are definitely planning a home improvement project in the coming year remained steady, those households plan to spend \$3,471 on a project in 1984, up from \$2,371 last year.

Room additions to pace rise in project spending

NATIONAL REPORT — Fewer American households carried out a major home improvement project in the past 12 months, compared to a year earlier, but a new nationwide study shows households involved in such projects are spending substantially more per project.

Approximately 14% of America's 85 million households completed a major remodeling or renovation project in the past 12 months, according to a study conducted during April for National Home Center News.

The level of home improvement activity was down from a year ago, when an identical poll taken in March showed that 23% of the nation's households had completed a major home improvement project in the previous 12 months.

However, homeowners spent an average of \$3,992 on major home improvement projects over the past year, an increase of nearly 60% over the previous year.

The study also revealed that while the proportion of households "definitely planning a project" in the next 12 months has held steady over the past year—at about 12%—those who were less certain over a year ago, now seem more definite that they will not undertake a major project in the coming 12 months.

Among those definitely planning projects, however, the most significant change over the year is the rise in interest in adding a room to their existing home.

These findings are part of a much broader nationwide study conducted for National Home Center News, featured in a report appearing in this issue, entitled, "The Anatomy of Consumer Buying Decisions."

(Continued on page 63)

Some key survey findings:

- Product-by-product analysis can provide retailers with a tremendous competitive advantage Page 17
- Americans still prefer home centers for most home improvement products, but warehouse outlets are gaining acceptance, particularly among big project spenders 17
- Behind each planned project purchase is the probability of a major home improvement project 20

Home Centers of America sold to K mart for \$90 mil.

Agreement gives discounter 1st leg in home center bid

By Kenneth Schept
NHCN executive editor

SAN ANTONIO — Home Centers of America and K mart have reached an agreement in principle for the giant discounter to purchase the 16-month-old warehouse home center chain for \$11 per share or \$90 million based on outstanding stock and purchase options.

According to the agreement, nine-store HCA will become a wholly owned subsidiary of

K mart, the nation's second-largest retailer, with more than 2,100 stores.

With the infusion of the discounter's capital HCA could grow by 25 stores during the next 18 months, including the seven already planned by HCA and several announced by K mart, according to J. Kent Fortner, HCA senior vp finance. For the year ended Jan. 31, K mart earned \$492.3 million on \$18.6 billion in sales.

HCA will open the K mart warehouse stores already scheduled for Chicago in late summer. The name of stores to be opened by HCA-K mart was not revealed. HCA's stores had

been called Home-Pro Warehouse until a trademark infringement suit resulted in shortening the name to Home Warehouse. That name will be abandoned, at least in new markets.

K mart will purchase 30% of the outstanding shares and purchase options held by HCA principles, which would provide a strong measure of control to parry any competing purchase offers that might surface.

Based on his stock holdings, listed at 340,000 shares, HCA founder and chairman, Frank Denny, stands to gain about \$3.7 million from the deal. He

(Continued on page 82)

84 Lumber's Hardy sets sights on billion dollar chain expansion

By John Caulfield
NHCN senior editor

EIGHTY FOUR, Pa. — Last Christmas, the 84 Lumber Co. here gave its founder and chairman, Joe Hardy Sr., a brand new, cream colored Cadillac Eldorado to replace the beat up, rusting Datsun he drove when visiting the chain's stores all around the country.

"We thought Joe should be in something more imagey," said a former 84 store manager in

Denver.

Hardy, it seems is beginning to feel the same way about the company he founded 27 years ago. Now with 379 stores in 38 states, the industry's largest private company—and the sixth largest chain with \$630 million in sales last year—is reportedly launching a major bid to its reputation as a chain of no frills, discount lumberyards into the leading operator of fuller-line home centers.

This bid, according to Hardy, will include a seven-year, \$1 billion expansion drive which will add 35 stores in 1984, 300 more by 1990, and the acquisition of a major, but unnamed competitor.

Hardy's "vision" is for 84 Lumber to be the largest home center chain in the industry, with projected sales of \$840 million this year skyrocketing to \$3 billion by the end of the decade.

(Continued on page 82)

Drug retailer expands home center chain

By Brad Altman
West Coast editor

SALT LAKE CITY — American Stores Co., known for its ties to drug-and-grocery retailing, is expanding a chain of home centers here.

A grand opening was held in late June in Sandy, Utah, for a 25,000-sq.-ft. Skaggs Home Center—the fourth American Stores' home improvement outlet to debut in the Salt Lake valley.

A fifth Skaggs outlet—the third build-to-suit to open since last fall—is slated to debut in late August on Van Winkle Boulevard. It replaces a nearby, five-year-old, 40,000-sq.-ft. Skaggs.

Meantime, the original Skaggs Home Center, a 45,000-sq.-ft. unit in the West Valley operating since 1972, will undergo a major remodeling in September.

Each of the home centers is located in the same building as a Skaggs Alpha Beta drug/food combo store. They share a common wall, but each has a separate outside entrance and exit.

The home center expansion began last November, when a 30,000-sq.-ft. Skaggs outlet was opened. In effect, by the end of this summer, three new Skaggs home centers will have

(Continued on page 82)



American Stores, a drug-and-grocery chain, has opened its fourth Skaggs Home Center in the Salt Lake City market.

NEWSBREAKS

HOMECLUB NABS SAN JOSE SITE. The three-unit, Long Beach, Calif.-based warehouse home center chain will take over a 100,000-sq.-ft. ex-Zodys discount store, said Bob McNulty, president and ceo. A mid-September opening for the San Francisco Bay area unit is planned.

INSIDE:

HARDWARE FAIR president Tom Butz has resigned . . . Page 2
PLYWOOD RANCH maps strategy for smaller markets 3
HARDWARE MANUFACTURERS debate plans to turn the tide on the flood of imported merchandise 4
HOMEOWNERS DIY CENTERS trims its seasonal department, shifting emphasis to its massive in-store lumber displays 71

NHCNews Briefs

Industry Update

Busy Beaver slates Pitt. whse

PITTSBURGH — Busy Beaver Building Centers has slated a warehouse store for the Pittsburgh market, to be opened next spring, according to vp of marketing Tom Herward. Location of the new store was not revealed.

The company is also currently looking at two new markets, both of which would involve the opening of more than one warehouse store with merchandising floors of around 60,000 sq. ft.

The first step toward what the \$120 million chain of 24 retail locations call "the next generation of Busy Beaver stores" with warehouse formats occurred last month, when the chain began renovating its 45,000-sq.-ft. unit in Niles, Ohio, (NHCN, April 9).

The chain was scheduled to begin internal demolition, racking, merchandising and signing of an old Woolco shell in Boardman, Ohio, this month as the initial move to open the unit as Busy Beaver's first warehouse store this fall. A grand opening date has not yet been set.

The Niles and Boardman stores not only represent a move by the chain to "solidify our position in the Youngstown market," according to Herward, but are also the first two entries in a new round of stores that differ radically from the traditional home centers and lumberyards of Busy Beaver's past.

Lowe's opens 5 Nashville outlets

NASHVILLE — Lowe's Co. made its "biggest commitment" to any market when it reopened five stores here on June 21.

The 238-unit chain based in North Wilkesboro, N.C., converted the four stores it bought in December from Homecrafters Warehouse to Lowe's outlets ranging from 14,000 sq. ft. to 22,000 sq. ft. The company also remerchandised its own 7,200-sq.-ft. leased unit in nearby Lebanon.

The stores have an aggregate of about 50,000 sq. ft. of enclosed warehouse space and each sits on 3-1/2 acres of land.

"[This] is the biggest commitment we've ever made to one market," said Dwight Pardue, Lowe's executive vp-store operations. He would not disclose renovation and remerchandising costs.

Creditors to vote on Wickes' plan

SANTA MONICA, Calif. — Wickes Cos. detailed reorganization plan filed with the Federal bankruptcy court earlier this year will be mailed by July 24 to creditors for their approval, company officials said.

The plan was approved by the U.S. Bankruptcy Court June 27, and now must be approved by holders of two-thirds of the dollar amount of the company's debt and a majority vote of each class of creditors and equity holders.

Under the proposed plan, which received agreement in principle by creditors committees in February, all remaining Chapter 11 debts of Wickes—totaling \$1.21 billion—will be repaid to creditors in a combination of cash, stock and notes.

Once ballots returned by creditors are tabulated, confirmation hearings will be held in late September, said Sanford C. Sigoloff, chairman and ceo. "The company expects to make an interim cash distribution under this plan in late December 1984. The securities are expected to be issued in January 1985 when the plan will formally become effective," Sigoloff said.

The chief executive added that "we strongly recommend that creditors and equity holders vote in favor of the plan."

National Home Center News

Financial News	4
Editorial	8
Washington View	8
People	10
New Stores	10
Lumber Report	12
Lumber Futures	12
A View From the Street	13
Consumer Attitude Survey	17-66
Merchandising	69-73
New Products	73
Advertising & Marketing	74-75
Price Points	80

National Home Center News (ISSN 0192-6772) is published biweekly, every other Monday, 25 times a year, beginning with the first Monday in January through the fourth Monday in November, monthly in December; by Lehar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Manufacturers, schools, libraries and all others: \$20 a year (\$21 in Canada). Foreign subscriptions: Airmail only, \$100 per year.

Second class postage paid at New York, N.Y., and additional mailing offices. Vol. 10., No. 14, Copyright © 1984 by Lehar-Friedman Inc. All rights reserved. Postmaster: Please send address changes to Subscription Dept., National Home Center News, 99 Park Ave., New York, N.Y. 10157. For change of address six weeks is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Butz leaves Hardware Fair

BALTIMORE — Officials at The Hardware Fair chain here were stunned by the sudden departure of longtime executive, Tom Butz, on June 22.

Butz, 38, had served as the company's general manager from 1972 to February 1983, at which time he was appointed its president. A few months earlier, the 11-unit chain—which was started by Butz's father, Howard, and Carl Morstein in 1921—had been merged with The Home Shop, a retail convenience chain based in Richmond, Va.

Immediately after submitting his resignation, Butz and his family took off for a sailing trip to Long Island that had been planned well in advance. He was unavailable for comment.

The reasons for Butz's surprise exit were not immediately known. The chain appeared to be on solid ground financially—its sales last year were between \$11 million and \$12 million—and it had just opened its large-

est store, an 18,600-sq.-ft. unit in Baltimore, on March 17.

But sources within the company, and those familiar with its operation, assert that, for at least the past year, Hardware Fair suffered from problems of cash flow, inventory management, and some corporate personality conflicts.

Currently, the chain's inventory is turning at slightly more than two times annually, and, according to one knowledgeable source, its stores are stocked with "more than \$500,000 worth of merchandise we simply can't get rid of."

This situation has put pressure on the chain's ability to pay off its vendors, but sources claim its debt position is not in jeopardy.

Butz's dissatisfaction with his company's performance was evident by the fact that Hardware Fair has had three controllers in the past year. Its most recent controller was hired by Butz only last month.

Sources could not comment

on why Hardware Fair was having so much trouble moving its inventory. However, when it was taken over by Home Shop, its merchandise mix was altered to include some items—housewares, heating equipment.

In addition, prior to its sale to Home Shop, the company had just completed an extensive remerchandising and remodeling of its stores.

Apparently, Butz and Home Shop were at odds about how the chain was being run, and some sources said he attempted to buy back Hardware Fair from Home Shop's parent company, American Shelter Industries (AMSHL) in Jacksonville, Fla., this spring. Several calls to AMSHEL's president, John Sisk, went unreturned.

What direction the company will now take cannot be determined at Home Shop president Bryan MacLeod, who will assume Butz's role with Hardware Fair, declined to comment until the end of July.

Bracing for Payless, K mart invasion

Levy's planning 2 more Louisville stores

By Greg Puchalski
NHCN senior editor

CLARKSVILLE, Ind. — Levy's Lumber & Building Centers will open its fourth store in the Louisville, Ky., market this fall when it debuts an 80,000-sq.-ft. facility in a former Topp's discount store here.

Company president Philip Levy said his chain is also close to landing a fifth location for opening next year in the market.

He explained that the expansion is intended to give Levy's, an \$18 million chain, greater penetration in Louisville, where all three of its present outlets are situated, and more leverage against the impending arrival of Payless Cashways and K mart which plans to open two warehouse stores in Louisville (NHCN, June 18).

"There are a lot of people coming to Louisville and we want to be open and operating when they arrive," Levy said. He also pointed out that Lowe's, Wickes and 84 Lumber already operate near the Clarksville location and Payless is also building nearby.

"We feel we fit a niche in the market," he added. "The Clarksville store is an existing building in an area we felt we were not properly represented."

It will be Levy's first store across the Ohio River in Indiana.

The new unit, next to a Value City discount store and Kroger supermarket, will feature a new merchandising concept which will introduce some warehouse-style retailing to the company. Gondolas will rise

to 7½ ft. with warehouse racking going up more than 10 ft., according to Levy.

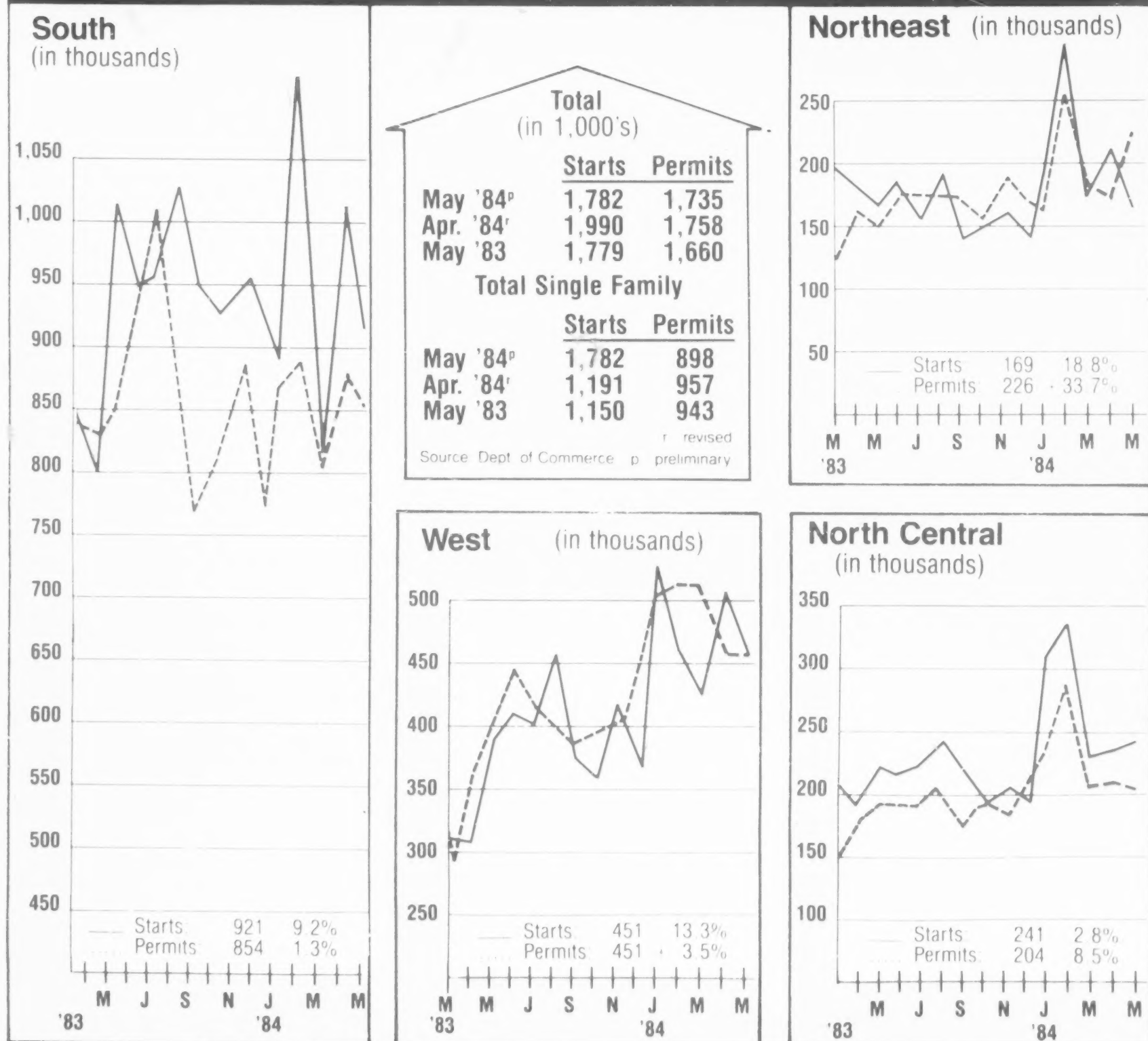
However, chain officials wanted to maintain a "high quality image," he said, and some displays will have "theatrical lighting."

The concept has been in the development stage for two years and Levy's delayed its introduction at its Dixie Highway store in southwest Louisville while negotiating for the Clarksville facility, Levy said. However, the Dixie Highway unit will also convert to the format in 82,000 sq. ft. of space.

Levy's officials are also looking to expand its penetration at the east end of Louisville where it now operates a unit on Dutchman's Lane.

"We're committed to huge stores at this time," Levy said.

May home-building activity



May's home building housing starts fell 10.5% from April to a seasonally adjusted rate of 1.78 million units. This is still strong seasonally and up 12.2% on May 1983. Total building permits were up 4.6% over April to 1.7 million units seasonally adjusted with Northeast North Central and West regions all showing a month-to-month increase.

Plywood Ranch maps small-market strategy

BRAINTREE, Mass. — A slimmer Plywood Ranch is embarking on a new course that will take it into smaller markets with stores that specialize in one or two product categories.

Company president Charles Rosen told *NHCN* that over the next several months, the 16-store chain plans to reduce each store's stock-keeping units, currently averaging around 10,000, and concentrate on merchandising plumbing and mill-work.

"Our stores pretty much do this now, but the emphasis will be much greater on these products in the future," he said.

In addition, Plywood Ranch, which Rosen once thought could grow to more than 100 stores through franchising, will now expand at a much slower

rate with company-owned stores. It has just hired Doug Schauf, formerly the director of merchandising for the Rite-Aid drug store chain, as its new director of operations.

These moves come after the chain decided to truncate its franchising efforts at the beginning of 1982, and it has either closed or spun off all but two of its franchised stores since.

"We simply found that we couldn't make the franchised stores mutually profitable, either for us or the franchisee," said Rosen, whose chain spent most of 1983 shuttering its franchised stores or selling them off to private owners.

Currently, Plywood Ranch, with 1983 sales of \$25 million, has 14 company-owned units and two franchised outlets,

which it plans to run as such. But it wasn't that long ago that it was a 28-unit chain with 14 franchises, looking to open more stores under a dual-partnership arrangement.

The chain began franchising in 1979 and, under director of franchising George Silver (who died in late 1982), the company was the most aggressive franchiser in the home center industry.

A franchisee's total investment totaled \$210,000 for a 10,000-sq.-ft. store, and he would pay 3% royalty on sales that rose to 5% when volume exceeded \$800,000 annually.

"We've had many people take over store-run units and produce dramatic sales increases," said Silver back in 1981. He added that by June of that year,

Plywood Ranch could have opened 30 more franchises were it not for problems of finding suitable locations.

However, things began to sour. A number of the franchises were faltering and, in October 1982, its Somerset, Mass., franchise filed for Chapter 11. In addition, Plywood Ranch closed its company store in Cambridge.

Since then, the chain has gotten rid of all but the two most profitable franchises and has again started up a remerchandising program it began in 1982, but was put on hold until its corporate and expansion plans were stabilized.

Rosen would not comment specifically on how large he would like to see Plywood Ranch grow, except to say that

by the end of 1985 he did not think the company would be that much bigger than it is right now.

But, he noted, when Plywood Ranch does move into a new market, it will be an area some of the larger home center operators are unlikely to service. In selecting towns of under 100,000 in population at a time when much of the industry is expanding into the most densely populated markets, Rosen said that "we choose to swim in shallow waters where the bigger fish can't or don't want to go."

"We feel those markets need to be served, and the larger home centers aren't really interested in them, which presents a perfect opportunity for our company."

Erb banks on Cashmore to coordinate merchandising in newly created position

BIRMINGHAM, Mich.—Man on the spot for the development of a unified merchandising theme at Erb is John Cashmore, brought aboard eight months ago as advertising and merchandising director.

Since then, reformatting of the stores has been proceeding to the point where statewide advertising was placed for the first time in January. By May, when the company held grand reopenings for four remerchandised stores, more products were able to be included than ever before.

"We will continue to reformat our stores," said Cashmore, adding that, by this fall, point-of-purchase signs will at last be coordinated with advertising programs. In the past, such signs were developed by store managers.

Like other home center chains that have made the transition to stronger headquarters control, Erb faces the potential of conflict between its store managers, with their traditional autonomy, and corporate officers determined to have the chain reflect the realities of modern retailing.

"Previous to John Cashmore, we never had a person in charge of merchandising," reflected Ron Snyder, Detroit regional manager.

The chain faces the task of getting store managers to buy corporately while keeping a delicate degree of latitude so they can adjust to local competition.

Top TV advertising buyers spend \$4.9M in first qtr.

NATIONAL REPORT — Television ad spending for 1984's first three months almost topped the five million dollar mark among the 15 largest home center advertisers.

One chain—Payless Cashways—spent more than one million dollars during January through March, while four "newcomers" entered the top-

15 list; according to the Television Bureau of Advertising (TVB).

TVB compiles the figures, which totaled \$4.9 million, from Broadcast Advertisers Reports Inc. data, which gives quarterly reports on the top 75 TV marketers.

Payless Cashways remained (Continued on page 81)

Top TV ad spending Jan.-March 1983-84			
Chain	Expenditures		
	Jan./Mar. '83	Jan./Mar. '84	% change
1. Payless Cashways	\$895,600	\$1,255,300	+ 40
Payless	461,100	685,500	+ 49
Furrow	327,900	460,400	+ 40
Lumberjack	106,600	109,400	+ 3
2. National Lumber	333,600	532,200	+ 60
3. Scotty's	300,900	503,300	+ 67
4. Home Pro Warehouse	—	381,900	—
5. Wickes	502,200	357,900	- 29
Wickes Lumber	—	242,600	—
Builders Emporium	502,200	115,300	- 77
6. Mr. Goodbuys	142,500	301,600	+ 112
7. Plywood Minnesota	268,400	270,600	+ 1
8. The Home Depot	304,700	251,700	- 17
9. Menard Cashway	121,400	229,400	+ 89
10. Sutherland Lumber	188,300	212,000	+ 13
11. Hechinger Lumber	148,700	170,200	+ 14
12. Ole's Home Centers	74,700	128,700	+ 72
13. Lowe's	50,400	110,400	+ 119
14. West Building Material	—	108,800	—
15. 84 Lumber	—	84,100	—

Source: Television Bureau of Advertising from analysis of Broadcast Advertisers Reports data, *NHCN* chart

Payless Cashways ranked No. 1 among the 15 largest home center TV advertisers, spending more than \$1 million in the first quarter.

Greater consumer appeal drives fiscal comeback at Erb Lumber

By Phillip M. Perry
NHCN associate editor

BIRMINGHAM, Mich. — When Erb Lumber held a grand opening party for close to 900 guests at its new 140,000-sq.-ft. distribution center last month, the chain was celebrating far more than just the construction of a glittery building to help buy merchandise cheaper and service stores faster.

The \$2 million structure was only the most visible element in a larger picture of a chain that, after experiencing the humiliation of having its net income drop over 75% between 1980-82 because of declining housing activity, sprang forth from disaster into a new resolve to avoid similar fall offs in the future.

At the close of business last year, Erb was able to report an increase of some 154% in net income over 1982, largely because of a rebound in new housing.

However, the experience of 1980-82 taught the chain that future profitability must hinge on more than contractor sales.

"We are making an effort now to increase our sales to consumers," said Fred Erb, president of the chain of 29 stores that grossed \$137 million in sales last year. Of that, some \$69 million went to consumers.

Remerchandising the chain's



Erb Lumber's new 140,000-sq.-ft. distribution center is one aspect of an overall fiscal comeback designed to "increase our sales to consumers," according to president Fred Erb.

NHCN photo

stores so that they all possess a similar appearance, and present more glamorous displays to the public, is the pivotal change upon which the company's new strategy pivots.

When the company held a grand reopening for its store in Royal Oak, Mich., in May, consumers saw, for the first time, merchandising elements that may well end up in a future Erb prototype. These elements included an expanded kitchen cabinet display to include no fewer than 14 styles in settings near the front of the store, bath-

room vanity and paint departments visible from the front door, a trebling of the number of endcaps storewide, the covering of the inside walls of the store with cedar pine boards, and longer evening operating hours.

Additionally, lumber has been positioned inside the store for the first time, and has been "located near the back to draw people through the store," according to Ron Snyder, the company's Detroit regional manager.

(Continued on page 81)

Lumbermen's changes president, adopts more aggressive posture

By Brad Altman
West Coast editor

SHELTON, Wash. — Lanoga Corp., parent of Lumbermen's headquartered here, has adopted a new aggressive posture as it expands its 15-unit chain in the Washington and Oregon markets.

Lanoga president and ceo Ted Tanase said the Lumbermen's division will be relocated from this rural city of 17,000 to a more populous area along Interstate 5 later this year.

Moreover, Lanoga has created a new position at Lumbermen's—executive vp—to be filled by Bill Cromett, formerly vp-marketing at United Building Centers, a Lanoga division based in Winona, Minn.

Meantime, Tanase has become acting president of Lumbermen's following the May 1 departure of Larry Knudsen, a 25-year Lumbermen's employee who had been president since 1977.

Seattle-based Lanoga bought the then-five-unit Lumber-

men's in March 1982 from founder Robert Slettedahl in a \$5 million deal.

A fast-track expansion pace followed in the acquisition's aftermath. In February 1983, Lanoga bought eight-unit Williamette Industries, a building supplies retailer located primarily in northwest Oregon. Those units were merged into the Lumbermen's chain, raising the store count to 13.

On July 13, Lumbermen's was slated to hold a grand opening for its largest unit—a 60,000-sq.-ft. converted warehouse in Clackamas, Ore. The 14th unit, a 30,000-sq.-ft. newly built store in the Seattle suburb of Redmond, debuted in March.

These stores represent the final new-store openings scheduled for this year.

In fact, the two main objectives of new Lumbermen's executive Cromett when he arrives from Minnesota at mid-month will be to accelerate store expansion planning and to integrate store operations with

marketing. Tanase said Cromett's experience is expected "to strengthen the retail side."

In an interview, Knudsen indicated that the headquarters' relocation was not a factor in his decision to leave the company. He characterized his departure as "a mutual separation" related to "differences in some philosophy."

Currently, Knudsen said, he is "semiretired," but he may return to the home center business in the Pacific Northwest.

Former Lumbermen's chairman and ceo, Robert Slettedahl, now living in Copalis, Wash., said he believes Knudsen left because he was "in a certain sense, disillusioned."

Slettedahl continued, "Lanoga is a top-notch company, but a small, private owner can do things for his employees that a major company cannot do. I have no criticism of that."

"Larry used to tell employees that Lumbermen's was the best in the world—but under Lanoga, he no longer felt that way."